



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

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STATEMENT of SCOPE of a PROPOSED RULE

Regarding Section Ins 3.46(13), Wis. Adm. Code, relating to
Long-term Care Commission Compensation

(a) A statement of the objective of the proposed rule:

To propose modifications to s. Ins 3.46(13), Wis. Adm. Code, amending commission compensation limitations to permit reasonable compensation to agents for proper long-term care policy replacements.

(b) A description of existing policies relevant to the rule and of new policies proposed to be included in the rule and an analysis of policy alternatives:

The current rule was promulgated to protect consumers from inappropriate long-term care insurance policy replacements through the use of high commissions. Prior to the current rule, agents could be rewarded financially for inappropriately or unnecessarily replacing existing long-term care insurance policies. Due to positive product development, the commission limitations contained in the current rule may have resulted in the unwillingness of agents to suggest proper replacement policies to consumers thereby limiting consumers' ability to upgrade their long-term care insurance coverage. The Office intends to review the current rule and determine if the rule can be modified without harm to consumer protections that currently exist.

(c) A statement of the statutory authority for the rule:

Sections 601.41(3), 628.34(12), 628.38, and 632.81, Wis. Stats.

(d) An estimate of the amount of time that state employees will spend to develop the rule and a description of other resources necessary to develop the rule:

200 Hours

This Statement of Scope of a Proposed Rule is prepared under s. 227.135, Stats., and approved on March 1, 2002.

Connie L. O'Connell
Commissioner